

Message Text

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ACTION NEA-10

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USDOC FOR BIC/CAGNE FOR PETER HALE AND FOR OIM/SAD FOR
RENBORG

STATE FOR NEA/ARP

E.O. 11652: N/A
TAGS: BEXP
SUBJECT: U.S. PETROCHEMICAL TRADE MISSION: KUWAIT WRAPUP

REF: KUWAIT 2213

1. IN LESS THAN TWO WORKING DAYS DURING THE PERIOD OF
MAY 3 TO 5, MEMBERS OF PETROCHEMICAL TRADE MISSION HAD
OVER SEVENTY INDIVIDUAL APPOINTMENTS AND THREE MAJOR
GROUP APPOINTMENTS. DESPITE THE PRESSURE ON THE APPOINT-
MENTS BROUGHT ABOUT BY THE TIGHT SCHEDULING OF THE VISIT,
JOINT VENTURES AND SALES OPPORTUNITIES WERE EXPLORED
WITH SOME DEGREE OF SUCCESS. BECAUSE OF THE LONG-TERM
NATURE OF PETROCHEMICAL PROJECT PLANNING, IT IS IM-
POSSIBLE TO JUDGE THE SUCCESS OR VALUE OF THIS MISSION
SOLELY IN TERMS OF ACTUAL OR ANTICIPATED TWELVE MONTH
SALES.

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2. ONE MISSION PARTICIPANT, WHO ENGAGES IN PETRO CHEMICAL
PROJECT CONTRACTING, DID DISCUSS POTENTIAL PROJECTS AMOUNT-
ING TO \$300 MILLION WITH KUWAITI PRINCIPALS. FEELING
WAS THAT THERE WAS A REASONABLE POSSIBILITY THAT AT
LEAST ONE PROJECT IN THE \$50 MILLION RANGE OVER THE
NEXT 2 TO 3 YEARS COULD BE CAPTURED. ONE OF THE TWO
LARGE MISSION COMPANIES INTERESTED IN TECHNOLOGY TRANSFER

THROUGH EITHER PRODUCT OR PROCESS SALES AND JOINT VENTURE PARTICIPATION FORESEES A REASONABLE POSSIBILITY OF A \$50 MILLION JOINT VENTURE INVOLVING A CHLORINE PRODUCTION PLANT THAT WOULD BE BUILT IN CONJUNCTION WITH A PLANNED HYDRAZENE PROJECT FOR KUWAIT. THE OTHER COMPANY IN THIS FIELD EXPECTS TO SIGN TWO SALES REPRESENTATIVE AGREEMENTS AND TO INITIATE TWO SMALL JOINT VENTURES OVER THE NEXT TWELVE MONTH PERIOD WHICH SHOULD REALIZE THEM EXPORT SALES OF \$250,000. THE FIVE EQUIPMENT SUPPLYING COMPANIES OF THE MISSION FOUND ONLY A MODEST AMOUNT OF IMMEDIATE SALES (15,000) WITH TOTAL EXPECTED SALES FOR NEXT TWELVE MONTH PERIOD ESTIMATED AT \$80,000. THE REASON BEHIND THESE MODEST IMMEDIATE SALES IS THAT SUBSTANTIAL SALES POTENTIAL FOR THEIR GOODS WILL NOT BE REALIZED UNTIL 5 TO 10 YEARS DOWNSTREAM WHEN KUWAIT'S PLANNED PETRO-CHEMICAL COMPLEXES COME ON LINE. HOWEVER, THE OPPORTUNITY AFFORDED THEM TO GAIN EXPOSURE TO AND KNOWLEDGE OF THE KUWAIT MARKET WAS FELT TO HAVE HAD POSITIVE VALUE. THE MISSION'S SMALL ENGINEERING COMPANY WAS PERHAPS THE MOST ELATED OVER ITS SUCCESS IN KUWAIT; IT SIGNED A JOINT VENTURE AGREEMENT WITH A PROMINENT KUWAITI FAMILY WHICH WILL PROVIDE THE U.S. COMPANY WITH FINANCIAL BACKING, CONTACTS THROUGHOUT THE GULF, AND A LOCAL BASE.

3. WHILE THE MISSION WAS SATISFIED WITH THE EMBASSY ROLE AND SUPPORT IN ARRANGING APPOINTMENTS AND HANDLING ADMINISTRATIVE AND LOGISTICAL MATTERS, CRITICISM FROM MISSION MEMBERS WAS HEARD WHICH DIRECTLY RELATED TO THE LATE ARRIVAL OF COMPANY LITERATURE AND MISSION BROCHURES,

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THE MISINFORMATION CONTAINED IN THE MISSION BROCHURE, AND THE INSUFFICIENT TIME ALLOTED TO THE KUWAIT PORTION OF THE TRIP.

4. THE MISSION MEMBERS FELT THAT THEY BENEFITED GREATLY FROM THE RECEPTION HOSTED BY THE AMBASSADOR AT THE KUWAIT HILTON THAT WAS ATTENDED BY APPROXIMATELY 140 REPRESENTATIVES OF GOVERNMENTAL, INDUSTRY, AND COMMERCIAL INTERESTS. EMBASSY NOTED, HOWEVER, THAT THE LATE ARRIVAL OF SOME MISSION MEMBERS TO RECEPTION (DUE TO THEIR OWN SEPARATELY SCHEDULED APPOINTMENTS) MADE THEM MISS MEETING A NUMBER OF THE MANY INFLUENTIAL KUWAITIS FROM THE BUSINESS COMMUNITY WHO ATTENDED RECEPTION.

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